



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0292890

**THE APPLICATION OF FOREST OIL CORPORATION FOR AN EXCEPTION TO
STATEWIDE RULE 32 FOR THE KENNY STATE 308 LEASE, WELL NO. 1,
WOLFBONE (TREND AREA) FIELD, REEVES COUNTY, TEXAS**

HEARD BY: Brian Fancher, P.G. – Technical Examiner
Cecile Hanna – Legal Examiner

HEARING DATE: November 10, 2014
RECORD CLOSED: March 17, 2015
SUBMISSION DATE: March 17, 2015
CONFERENCE DATE: March 24, 2015

APPEARANCES:

REPRESENTING:

APPLICANT:

Paul Griesedieck

Forest Oil Corporation

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Forest Oil Corporation ("Forest") requests an exception to flare casing-head gas from its Kenny State 308, Well No. 1 (API No. 42-389-33159) (the "Well"), pursuant to 16 Tex. Admin. Code §3.32. Forest seeks authority to flare 450,000 cubic feet of gas per day ("450 MCFGD") from the Well in the subject field for one year beginning on October 1, 2014.

DISCUSSION OF THE EVIDENCE

Mr. Paul Griesedieck testified on behalf of Forest. Mr. Griesedieck is employed with Forest as Manager of Health, Safety, and Environment.

Applicable Rules

This application centers on one issue – Forest's request for an exception to flare casinghead gas from the well, pursuant to 16 Tex. Admin. Code §3.32 ("SWR 32"). SWR 32

governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Titled "Exceptions," SWR 32(h) states:

Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.

Well History

The Well was drilled as a "rank" wildcat and was completed on June 10, 2012. Since then, Forest indicated it is unable to economically justify building a gas gathering pipeline to extend from the well to the nearest gas sales pipeline. The nearest suitable gas sales pipeline is located 5 miles northeast of the well and is owned by WTG Gas Transmission. Forest indicated that the well initially produced from the Wolfbone Formation at a rate of 100 BOPD and 400 mcfg per day. Around July 20, 2012, the Wolfbone was isolated and the well was plugged back to the Avalon Shale Formation for testing. The Avalon test resulted in produced water for the first 90 days. Subsequently, the Avalon Shale Formation was isolated and production from the Wolfbone resumed at roughly 100 BOPD and 1,000 mcf gas per day.

The Well received four administrative approvals from the Oil and Gas Division to flare casing-head gas for 60-days as follows (Flare Permit No. 11697):

<u>Volume (MCFGD)</u>	<u>Effective Date</u>	<u>Expiration Date</u>
1. 450	7/10/12	9/08/12

On September 2, 2014, the Oil & Gas Division issued a violation letter to Forest for failure to obtain a flaring permit for the well. Forest's request for a hearing on the subject application was received by the Commission on October 1, 2014.

Forest's Argument

Forest seeks relief in the captioned docket to flare casinghead gas from the subject well at a rate of up to 450 mcf per day for one year beginning on October 1, 2014 due to the presence of H2S in the casinghead gas, the distance to a suitable pipeline outlet, and the uncertainties as to whether the subject well will produce at adequate rates to justify building a gathering line to the nearest pipeline outlet. As of September 29, 2014, Forest indicated that the subject well produces roughly 5 BOPD and 97 mcf gas per day.

FINDINGS OF FACT

1. Forest Oil Corporation ("Forest") requests an exception to flare casing-head gas from its Kenny State 308, Well No. 1 (API No. 42-389-33159) (the "Well"), pursuant to 16 Tex. Admin. Code §3.32.

2. Forest requests authority to flare up to 450,000 cubic feet of casinghead gas per day ("450 MCFGD") from the Well for a period of one year beginning on October 1, 2014.
3. The Well was drilled as a wildcat well and completed on June 10, 2012.
4. Upon completion of the Well, Forest tested the Wolfbone and Avalon Shale Formations independently. Ultimately, the Well was completed in the Wolfbone Formation within the Wolfbone (Trend Area) Field.
5. The Well exhibited production rates of 100 barrels of oil per day ("BOPD") and 1,000 MCFGD in the Wolfbone (Trend Area) Field.
6. As of September 29, 2014, the Well exhibited production rates of 5 BOPD and 97 MCFGD.
7. Approval of the subject application is reasonable and appropriate, pursuant to 16 Tex. Admin. Code §3.32(h).

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas – Tex. Nat. Res. Code §81.051.
2. Legally sufficient notice has been provided to all affected persons.
3. The requested authority to flare up to 450 MCFGD of casing-head gas derived from the Wolfbone (Trend Area) Field, Reeves County, Texas at Forest's Kenny State 308, Well No. 1 (42-389-33159) for a period of one year beginning on October 1, 2014, satisfies the requirements of Title 16 TAC §3.32.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant an exception to flare casing-head gas from the Kenny State 308, Well No. 1 (42-389-33159) in the Wolfbone (Trend Area) Field, Reeves County, Texas at a rate of up to 450 MCFGD for one year beginning on October 1, 2014.

Respectfully submitted,



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Technical Examiner



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